

Hearing Date and Time: July 13, 2012 at 10:00 a.m. (prevailing Eastern Time)

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**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

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In re:	: Chapter 11
	:
Residential Capital, LLC, <u>et al.</u> ,	: Case No. 12-12020 (MG)
	:
Debtors.	: Jointly Administered
	:
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**STATEMENT AND RESERVATION OF RIGHTS
OF THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS WITH
RESPECT TO THE DEBTORS' PROFESSIONALS RETENTION APPLICATIONS**

TO THE HONORABLE MARTIN GLENN,
UNITED STATES BANKRUPTCY JUDGE:

The Official Committee of Unsecured Creditors (the "**Committee**") of the above-captioned debtors and debtors-in-possession (collectively, the "**Debtors**") hereby files this statement and reservation of rights (the "**Statement**") with respect to the Debtors' professionals retention applications (the "**Retention Applications**").¹ The Committee respectfully submits as follows:

¹ Capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Retention Applications.

STATEMENT AND RESERVATION OF RIGHTS

1. Between June 26 and June 28, 2012, the Debtors filed ten retention applications for their various professionals, including:

- Morrison & Foerster LLP (“**Morrison & Foerster**”) as bankruptcy counsel;
- Curtis, Mallet-Prevost, Colt & Mosle LLP (“**Curtis Mallet**”) as conflicts counsel;
- Carpenter Lipps & Leland LLP (“**Carpenter**”) as special litigation counsel;
- Dorsey & Whitney LLP (“**Dorsey**”) as special securitization and investigatory counsel;
- Orrick Herrington & Sutcliffe LLP (“**Orrick**”) as special securitization transaction and litigation counsel;
- FTI Consulting, Inc. (“**FTI**”) as financial advisor;
- Centerview Partners LLC (“**Centerview**”) as investment banker;
- Mercer (US) Inc. (“**Mercer**”) as compensation consultant;
- Rubenstein Associates, Inc. (“**Rubenstein**”) as corporate communications consultant; and
- Kurtzman Carson Consultants LLC (“**KCC**”) as administrative agent.

2. In addition, the Debtors filed a motion to employ and pay other professionals (who are expected to bill less than a certain threshold) in the ordinary course. The Committee recognizes that these are complex chapter 11 cases and the Debtors require the services of different types of professionals.

3. The Committee has no objections to the retention of multiple law firms (Morrison & Foerster, Curtis Mallet, Carpenter, Dorsey and Orrick) who are expected to perform different services on behalf of the Debtors. To that end, the Committee understands that each law firm will take steps to ensure that they do not duplicate services with Morrison & Foerster, as lead bankruptcy counsel, and with each other. In addition, the Committee reserves all of its

rights with respect to fee statements or fee applications to ensure there is no duplication of services and that such fees are reasonable costs and expenses of the estate. Similarly, the Committee has no objection to the Debtors' retention of the non-legal, and non-financial advisory firms who will perform other necessary functions (Mercer, Rubenstein and KCC). The Committee has reviewed the U.S. Trustee's omnibus objection to the Debtors' Retention Applications and understands that the Debtors' professionals are attempting to consensually resolve the issues raised by the U.S. Trustee.²

4. The Committee continues to review the Retention Applications of FTI and Centerview, the Debtors' financial advisor and investment banker, respectively. Both FTI and Centerview request that their compensation be subject to section 328(a) review by all parties (other than by the U.S. Trustee), which would pre-approve the reasonableness of the various fees and limit the Committee's ability to object to their fees at the end of these cases.³ As such, the Committee needs to make a determination now as to whether the proposed fee structures are reasonable.

5. While the Committee understands the Debtors' need for these financial services, the Committee is still in the process of determining whether the fee structures for both FTI and Centerview (including the amount, timing, and triggers for payment) are reasonable, market, and appropriate in light of the circumstances of these chapter 11 cases. To accommodate the Committee's review and analysis, FTI and Centerview agreed to adjourn the hearing on their

² The U.S. Trustee's objection also raised concerns over the Committee's retention applications for AlixPartners LLP, as financial advisor and Moelis & Company LLC, as investment banker. The Committee's professionals are currently in discussions with the U.S. Trustee on these issues. After discussions with the Debtors, the Committee agreed to adjourn the hearing on the Committee's application to retain Moelis & Company LLC to July 24, 2012.

³ Under section 328(a) of the Bankruptcy Code, the court may allow different compensation if the terms and conditions of the professional's employment "prove to have been improvident in light of developments not capable of being anticipated at the time of the fixing of such terms and conditions." 11 U.S.C. § 328(a).

respective Retention Applications to July 24, 2012.⁴

Dated: New York, New York
July 11, 2012

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⁴ The Committee's objection deadlines to the FTI and Centerview Retention Applications have been adjourned to July 17, 2012, and the Committee reserves all of its rights with regard to the FTI and Centerview Retention Applications.